

October 1, 2001

To the Honorable Board of Seminole County Commissioners and the citizens of Seminole County, Florida:

It is my privilege to present to you the budgets for the next two fiscal years, Fiscal Year 2001/02 of \$568,136,357 and Fiscal Year 2002/03 of \$488,224,487.

This two-year budget honors the commitment of the Board of County Commissioners and of staff to serve the community to improve the quality of life in Seminole County. The two budget years focus on public safety, transportation, utility expansions, leisure, and financial accountability. The increase in year one over the current adopted budget reflects the anticipated bond issues associated with courthouse construction (approximately \$50 million) as well as the start up construction of the major trails program (approximately \$18.9 million).

Changes in the Budget Process

Two-Year Budget Process

The budget process that we undertook this year was challenging at best. First and foremost, we embarked on a two-year budget process for the first time. Two-year budgets are not common in Florida but are gaining in popularity. Our goals in developing this structure were three-fold:

- Improve long-range and strategic planning by considering program and budget needs over a longer horizon.

- Link operating and capital spending through detailed budgets over a minimum of two years.
- Reduce the organizational resources dedicated to budget development in the second year of the budget cycle and redeploy staff to other critical functions and activities.

These goals will be realized and benefits achieved through enhanced departmental planning, heightened awareness of operating needs as a result of capital project completion, and a focus on service delivery as opposed to budget preparation during the anticipated scaled-down budget process for year two of this cycle.

Florida Statutes require the adoption of an annual budget each year. The Board of County Commissioners has therefore adopted the Fiscal Year 2001/02 budget and approved the Fiscal Year 2002/03 budget. We expect to make modifications next year to the FY 2002/03 budget as we gather information related to Board of County Commissioners' (BCC) priorities as well as updated information on revenues and costs. The budgetary process which is required by Florida Statutes will take place for year two and will include budget work sessions with the BCC and two public hearings in September for final adoption of that budget.

Development of the two-year budget has been well received by elected officials and by staff. Our Information Services Division dedicated substantial staff resources in programmatically converting our one year budget system to a two-year system. All County departments submitted two years of

budget requests; the Budget Division compiled data, reformatted all charts and tables, and balanced all funds for two years; and County management reviewed and made final policy recommendations for two complete annual budgets.

All in all, our initial efforts to prepare a two-year budget have been successful. However, the real test will come later this year when we refine year two and learn how accurate our projections were. I would like to personally thank both staff and elected officials for their support and enthusiasm in accomplishing this important effort towards greater efficiency and improved financial planning.

Budget Allocation Process

Another strategic change in the budget preparation process, was a system we implemented in order to ensure compliance with budget expenditure goals as well as to develop a balanced budget for both years with minimal impact to the taxpayers. Facing unique financial challenges, we developed this budget from the perspective of revenue availability as opposed to department requests. General Fund and Transportation revenues were calculated and subsequently allocated among operating departments based on each department's historical actual expenditure pattern. As a result, many departments were forced to decrease their level of spending from the current year. Required payments such as debt and CRA contributions were unaffected. Uncontrollable cost obligations such as utility and fuel costs and lease contracts were offset by reductions in other areas of operations. In the first year of this two-year cycle, the Sheriff's Office reduced its initial budget proposal to a level that impacts the General Fund by a five percent increase. In year two the Sheriff's Office has

requested an increase of 7.1 percent. Our current revenue projections cannot fund that level without further cuts to other operations. In order to balance, a 6.1 percent increase in the Sheriff's Office budget in year two is budgeted which is consistent with their historical expenditure levels. As we update information on our revenues for FY 2002/03, we will be able to revisit the Sheriff's needs.

Overall Budget Summary

As detailed earlier, the total proposed budgets for FY 2001/02 and FY 2002/03 are:

FY 2001/02	\$568,136,357
FY 2002/03	\$488,224,487

The two-year budget continues most County services at their current level. The exception to this rule is in the areas of minor road projects and asphalt resurfacing and rehabilitation where substantial service reductions are proposed as a means to balance the overall budget without an increase in tax rates. As stated earlier, the seemingly large increase in total budget FY 2001/02 is due to the recognition of a \$50 million bond issue for court facilities and an \$18.9 million bond issue that represents the first phase of the \$25 million trails program approved by Seminole County voters.

The General Fund proposed budgets are:

FY 2001/02	\$142,995,416
FY 2002/03	\$145,876,922

Substantial property valuation increases combined with slow or declining sales tax revenues have resulted in modest revenue increases to the General Fund when compared to our current budget year. The

above proposed budget totals represent increases over each preceding year of 6.2% and 2.0% respectively.

The proposed budgets hold all BCC-approved millages constant as well as all currently approved tax rates for other local revenues. Total voter approved debt millage will increase due to the initiation of debt payments associated with the successful trails development referendum in November 2000. The following chart details all millages proposed in this two-year budget.

	<u>Adopted</u> FY 00/01	<u>Adopted</u> FY 01/02	<u>Approved</u> FY 02/03
BCC approved:			
Countywide	4.9989	4.9989	4.9989
Unincorporated			
Roads	.6591	.6591	.6591
Unincorporated Fire	<u>2.0971</u>	<u>2.0971</u>	<u>2.0971</u>
Total	7.7551	7.7551	7.7551
Voter-approved:			
Environmentally			
Sensitive Lands	.1083	.1031	.0990
Trails Development	<u>N/A</u>	<u>.1177</u>	<u>.1133</u>
Total	7.8634	7.9759	7.9674

Personnel

The FY 2001/02 and 2002/03 budgets include increases of 12 net positions under the Board of County Commissioners in the first year and 10 positions in year two. The increase in personnel represents an increase of less than 1% in each year. The new positions are summarized below.

FY 2001/02

Public Safety will add seven positions: three fire service technicians to fully staff Station 43 in Chuluota; a tactical radio operator to handle the rapidly growing volume of 911 calls daily; a senior coordinator to oversee the mapping program for all PSAPs (Public Safety Answering Points) in Seminole County 911 system to comply with the legislative requirement of providing location information for wireless 911 calls and a

lieutenant for EMS who will respond to incidents and ensure medical quality assurance for our fire operations.

Planning and Development will include a building and fire technician to maintain the land file for applications associated with building permits, code enforcement and water and sewer. Additionally, a position is included to coordinate volunteers for the natural lands endowment.

Information Technologies has included an analyst to oversee auditing, accounting, records, purchasing and tracking of telecommunication activities; a principal analyst is also included in Information Services to support the county's various database platforms.

Community Services requests a senior coordinator in Probation to supervise staff at the Sanford office as well as to bring caseload per probation officer to a manageable level.

Environmental Services' budget includes a plant operator to meet staffing requirements of Consumers Water Treatment Plant and conversion of a contract GIS technician to a permanent position in order to produce up-to-date water and sewer maps used by the development community, engineers, and the public.

We have also included a senior staff assistant to be shared by Economic Development and Tourism Development who will provide clerical support and customer service to those two operations.

Finally, a principal engineer is included in Stormwater Management in order to implement up to \$7 million of State grants.

To offset the impact of the above requests, we have deleted the Recycling Coordinator in Environmental Services due to the elimination of the recycling grant, and two team member positions in Public Works that are eliminated as a result of our road paving program savings.

FY 2002/03

In year two of this cycle, the Public Safety budget includes a tactical radio operator for 911 customer service; a lieutenant to maintain compliance with Federal Hazardous Materials training requirements, and a coordinator in the EMS trust fund to maintain a quality assurance program for pre-hospital care as required by Florida Administrative Code.

An additional maintenance crew of two staff members in the Parks division will maintain trail connectors as well as portions of old State Road 13.

The Telecommunications budget includes a senior coordinator to supervise inventory control and work orders and a network administrator is included in Information Services to support equipment including servers, routers, and other technical equipment.

Public Works requests a senior coordinator to serve as the system operator for the new traffic management system, as well as a lead technician to assist in maintaining over 90 miles of fiber optic cable.

Environmental Services' budget includes an additional meter reader to address growth in water accounts, a customer service clerk in Water and Sewer Billing in response to customer growth, and an additional plant operator at Consumers Water Treatment Plant.

Again, to lessen the above staffing impact and to further recognize the savings from our road paving program, two team member positions in Public Works are to be eliminated.

The compensation plan for Board of County Commissioners' departments for both fiscal years includes a three percent increase for cost of living adjustments plus an additional one percent for merits and bonuses for a total of four percent salary increases built into each budget year. All departments must stay within the resulting dollars for any reclassifications, salary adjustments and new hire salaries as well as annual cost of living increases, merit increases and bonuses.

Budget Challenges

The fiscal year that is now closing has had a number of far-reaching financial events which are directing the path of our next two budget years.

- During the past fiscal year, the members of the Firefighters' Union have approved and the BCC has approved a contract which included much needed revisions to the salary structure of our firefighters. This new contract will impact the budget by an additional \$500,000 per year in future years.
- For a number of years our Stormwater Management program has been funded from a patchwork of one-time available revenues sufficient to cover operations, and grants sufficient to cover some capital costs. Those one-time revenues have been exhausted and we have no dedicated funding for our \$3.5 million in operational needs beginning in FY 2001/02.

- Slumping sales tax revenue and reduced cash carry forward has placed tremendous revenue constraints on this budget cycle. At this writing, growth in the sales tax revenue that we receive from the State of Florida, is a sluggish 0.1 percent over last year. At this rate we will fall far short of our projections for the current year, and we must also project an unusually conservative increase for the next two years in order to not over-commit our resources. The slow growth in sales tax affects both our half-cent sales tax revenue as well as state revenue sharing, which is also composed of sales tax revenue. In addition to the conservative revenue estimates we have included for the upcoming budget years, we have factored in a reduction of available cash left over at the end of the current year. In total for FY2001/02, we are anticipating a reduction of about \$3.9 million in revenue from sales tax sources.
- Construction of a new courthouse, plus expansion of the Juvenile Justice Center and renovation of our current courthouse will cost over \$50 million. A financial plan has been developed that implements the projects within current tax rates and funding levels. The debt service to support the bond issue is accommodated in the proposed budgets. We have designed debt service to be phased in and will make use of previously collected court fines to lessen the General Fund impact as much as possible. Debt service for the anticipated bond issue will level out at \$3.4 million per year in seven years.

Budget Highlights

Even under the very tight financial restrictions that I have outlined above, we have developed a two-year budget proposal that continues the County's tradition of excellence in government services. Here are a few highlights:

- No increases in tax rates are recommended in either year.
- Over the next two years, we will make important advances in salary levels for our firefighters. We are extremely proud of the men and women who work for our Public Safety Department and of their dedication and tireless efforts to protect the well-being of our citizens. Public safety is of the greatest importance to our citizens. Growth in population and in business and leisure activities have strained our Public Safety Department to its maximum. This is why the budget also includes funding for a new fire station in the fast-growing northwest sector of our county in order to maintain our level of service in response times.
- In November of 2000, voters in Seminole County passed a referendum in which they stated their desire to fund through property taxes a countywide trails program. The financing to realize this program is underway and is expected to be finalized later this summer. In preparation, we have established a special projects unit within the Engineering Division of our Public Works Department. This unit will oversee the purchase of land and construction of 32.7 miles of trails envisioned to connect east to west and north to south sectors of the county through a paved or natural trail network.

- Funding to accommodate the pressing expansion needs of our court and juvenile court facilities is included in this budget. We are anticipating a bond issue of approximately \$50 million to take place in the fall of 2001. This funding source will support the construction of a new Criminal Justice Facility in the area of Five Points, renovation of our current courthouse in Sanford, and expansion of our current Juvenile Justice Center. For several years we have collected and set aside court fines earmarked to assist in paying for these expansion efforts. Plans to finance the construction of the expansion programs are on target. Use of the court fines to incrementally pay portions of the resulting debt service will alleviate the burden on our General Fund. Invested court fines will allow us to ease into the full amount of the required debt payments over a seven year period.
- Over 50 Water, Wastewater, and Solid Waste projects are underway with the overall utilities capital improvement program reaching \$90 million in the next 5 years. The projects include expansion of Consumers, Heathrow, Lake Monroe and Lake Hayes Water Treatment Plants, as well as upgrades to the landfill and transfer stations and improvements to the Greenwood Lakes Wastewater Treatment Facility.
- Our Human Resources Department will be implementing an in-house countywide training initiative which will reduce outside training costs while targeting internal needs by customizing the training programs. Once developed and underway, we anticipate the two-fold benefits of enhanced training and cost savings in future years.
- The County, in partnership with Seminole Community College and the Small Business Administration, supports a Business Incubation Program that provides technical assistance, access to low-cost space, entrepreneurial training, business plan development and access to financing to companies ranging from new business start-ups to expansions. Also, there are plans to establish a high technology business incubator facility at the Orlando Sanford Airport to inspire the creation of “home-grown” high tech companies.
- The two-year budget includes funding for a much-needed integrated solution to the current array of software and computer programs which have evolved over the years in response to localized needs. At this writing we are in the process, in cooperation with the Clerk of the Court, of seeking companies who can offer a system to integrate many of our unique computer software systems. Benefits from an integrated system will be derived from efficiency of operation internally as well as for our external customers and in the accuracy and reliability of data.
- The Stormwater Division has been merged with the Roads Division. The \$3.5 million cost for stormwater operations has been offset by substantially reducing the minor road project program and asphalt resurfacing and rehabilitation.
- \$39.5 million is earmarked for major transportation projects under the current one cent sales tax program.

Accomplishments over the past year and initiatives planned for the next two years are

highlighted in the various departmental chapters in this budget document.

Summary and Conclusion

While I am proud of the progress we have been able to make with this two-year budget, it is also important to note that we are far from solving all issues. For example, our parks and library facilities are in need of expansion, which is not possible without additional funding dedicated to these projects. As responsibilities to maintain our growing roadway network increase, available funding for neighborhood retrofit projects has greatly declined. The minor road program was reduced by approximately 95 percent leaving only \$200,000 for the program over the two-year span. Our asphalt resurfacing and rehabilitation program has also been cut in half. Mass transit operations, funded entirely from one cent of gas tax, cannot continue at the current level of service without additional revenue. Our 800Mhz system, once state of the art, and our telephone system are aging and in need of upgrading and migration to the current level of technology. These projects alone cost approximately \$7 million and a funding solution is yet to be developed. This will be a primary goal in the coming year. Countywide, our public building facilities are becoming more and more expensive to maintain as they age and are operated at maximum capacity. Our County jail facility is in need of extensive repairs and rehabilitation as well as expansion to relieve over-crowding. Costs associated with the jail issues are under development and a funding solution will need to be addressed. Although our operating reserves are budgeted at 3.4 percent, this funding level is marginal for addressing major crises or for weathering economic downturns.

In spite of these on-going challenges, I am confident that our highly qualified and dedicated staff working cooperatively with the Board will be able to develop and implement viable solutions to these and other issues in the coming years. I look forward to our joint participation in addressing these matters. It continues to be a great privilege to serve the Board and the citizens as we strive to continually improve the quality of life for residents, businesses, tourists, and visitors in Seminole County.

Respectfully,

J. Kevin Grace
County Manager